

Proposed Community Association Manager Licensing Rules - For Review and Comment Only (D Rules: Renewal, Transfer, Inactive License, Reinstatement, and Insurance)

D-1) Inactive license request.

A community association manager licensee may request that the Division's records show their license inactive until proper request for reactivation has been made, or until their license has expired.

D-2) Inactive license must be renewed.

A community association manager whose license is on inactive status must apply for renewal of such inactive license and pay the regular renewal fees.

D-3) Renew or reinstate using method approved by Director.

A community association manager may renew or reinstate their license online or by submitting a renewal or reinstatement application form provided by the Division or by other methods acceptable to the Director.

D-4) Initial License renewal.

An initial license will be issued for a one-year calendar period commencing on the issuance date and expiring on December 31st of the year of issuance.

D-5) Annual renewal.

The license renewal period begins November 1st of each calendar year and ends December 31st of each calendar year. Licensees who renew their license may only do so if they are compliant with all provisions of the Community Association Manager Licensing Act and all Director rules.

D-6) Reinstatement.

If a license has expired, individuals may choose to reinstate their community association manager license. The reinstatement period begins January 1st of each calendar year immediately following the expiration and ends on December 31st of each calendar year. Individuals who reinstate their expired license may only do so if they are compliant with all provisions of the Community Association Manager Licensing Act and all Director rules. The fee to reinstate will be by payment of the reinstatement fee equal to one and one-half the regular renewal fee. Any person who fails to apply for reinstatement within one year after expiration of a license will be treated as a new applicant for licensure.

D-7) Renewal and Reinstatement fees are non-refundable.

All fees paid for the renewal or reinstatement of a license will be non-refundable.

D-8) Form and fees required to change license.

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No change in license status will be made except in a manner acceptable to the Director to effect such change and upon payment of the statutory fees for such changes.

D-9) Errors and omissions (E&O) insurance requirements.

Every active community association manager licensee must have in effect a policy of errors and omissions insurance to cover all acts requiring a license. In addition, all active licensed community association management companies that employ licensees in addition to the community association management company's designated manager must also have in effect a policy of errors and omissions insurance to cover all acts requiring a license.

- 1) Licensees or applicants must obtain errors and omissions coverage from any insurance carrier subject to the following terms and conditions:
 - a) The insurance carrier is licensed and authorized by the Colorado Division of Insurance to write policies of errors and omissions insurance in this state and is in conformance with all Colorado statutes.
 - b) The insurance carrier maintains an A.M Best rating of "A-" or better.
- 2) The policy, at a minimum, complies with all relevant conditions set forth in this rule and the insurance carrier so certifies in an affidavit issued to the insured licensee or applicant in a form specified by the Director and agrees to immediately notify the Director of any cancellation or lapse in coverage. Coverage must provide, at a minimum, the following:
 - a) The contract and policy are in conformance with this rule and all relevant Colorado statutory requirements.
 - b) Coverage for all acts for which a community association manager license is required, except those illegal, fraudulent or other acts which are normally excluded from such coverage.
 - c) Coverage cannot be canceled by the insurance carrier except for nonpayment of the premium. Cancellation notice must be provided in a manner that complies with § 10-4-109.7(1), C.R.S.
 - d) Coverage is for not less than \$100,000 for each licensed individual per covered claim, with an annual aggregate limit of not less than \$300,000 per licensed individual and entity. Costs of investigations and defense must be outside of these limits and are subject to their own per claim and aggregate limits.
 - e) Payment of claims by the provider will be on a first dollar basis and the provider will look to the insured for payment of any deductible.
 - f) The ability of a licensee, upon payment of an additional premium to obtain an extended reporting period of not less than 365 days.
 - g) That the provider of the policy has executed an affidavit in a form or manner specified by the Director attesting that the policy is in force and, at a minimum, complies with all

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relevant conditions set forth and, at a minimum, complies with all relevant conditions set forth herein and that the provider will immediately notify the Director in writing of any cancellation or lapse in coverage of any policy.

- 3) Community association management companies and sole-proprietors with an umbrella type coverage, section (2)(d) of this rule, will be replaced with the following claim limits:
 - a) The per claim limit will be not less than \$1,000,000.
 - b) The aggregate limit will be not less than \$1,000,000.
- 4) Applicants for licensure, activation, renewal or reinstatement must certify compliance with this rule and § 12-61-1004, C.R.S., on forms or in a manner prescribed by the Director. Any active licensee, who so certifies and fails to obtain errors and omissions coverage or to provide proof of continuous coverage directly to the Director, will be placed on inactive status:
 - a) Immediately, if certification of current insurance coverage is not provided to the Director; or
 - b) Immediately upon the expiration of any current insurance when certification of continued coverage is not provided.

D-10) Fidelity bond requirements.

Every active designated manager licensee must have in effect a blanket fidelity bond covering the dishonest acts of all employees in the community association management company. All designated manager licensees or applicants must submit evidence of a blanket fidelity bond in compliance with this rule and § 12-61-1004, C.R.S. at the time of application for a license or upon request by the Director.

- 1) The designated manager will obtain a blanket fidelity bond from any insurance carrier subject to the following terms and conditions:
 - a) The fidelity bond, at a minimum, is not for less than \$100,000.
 - b) Costs of investigations and defense are considered outside of these limits and are subject to their own per claim and aggregate limits.
 - c) The fidelity bond is in conformance with these rules and all relevant Colorado statutory requirements.
 - d) The fidelity bond is exclusive to covering acts contemplated under the current community association manager licensing laws.
 - e) The fidelity bond is not applicable to any conduct or activities outside the jurisdiction of the Director.
 - f) The fidelity bond must be in force no later than the effective date of the license and must remain in effect through the date of expiration of the license.
- 2) The designated manager must provide the Director with any and all requested fidelity bonds relevant to these rules or current community association manager license laws. Any failure on

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the part of the designated manager to provide such information will result in non-compliance regarding the fidelity bond requirement for any licensees operating under such fidelity bond.

- 3) The designated manager will be required to provide proof of continuous fidelity bond coverage and that all required information is current.
- 4) Applicants for licensure, activation, renewal or reinstatement must certify compliance with this rule and § 12-61-1004, C.R.S., on forms or in a manner prescribed by the Director. Any designated manager, who so certifies and fails to obtain fidelity coverage or to provide proof of continuous coverage directly to the Director, will be placed on inactive status:
 - a. Immediately, if certification of current insurance coverage is not provided to the Director; or
 - b. Immediately upon the expiration of any current insurance when certification of continued coverage is not provided.